

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"

Act No. 57 of June 14, 2020


To establish the "Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"; establish specific public policy; establish government programs, economic or tax measures such as: program for the expedited payment of accounts payable to suppliers of the Government of Puerto Rico; program for carrying forward net operating losses to previous years; net operating losses to be carried forward in subsequent taxable years; temporary exemption from services rendered to other merchants and designated professional services; temporarily postpone the tentative minimum tax to corporations; postpone the filing of informative returns required in Sections 1063.01 to 1063.16 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico"; temporarily postpone the Agreed Upon Procedures Report or Compliance Attestation; establish an automatic extension of licenses or permits authorizing a commercial activity; exclusion from gross income for purposes of income tax and income subject to the payment of municipal license for debt cancellation and receipt of subsidies; automatic compliance with eligible incentive decree requirements; exempt from the requirement of sworn statements before a notary public; extend filing of tax returns on income for taxable year 2019; extend monthly sales and use tax payroll deadlines; eliminate the payment of sales and use tax in the importation and purchase of taxable items for resale; eliminate withholding for professional services; prohibit lease evictions on a principal residence; program for the use the nutritional assistance program card in restaurants; to establish special regulatory powers; and for other related purposes.

STATEMENT OF MOTIVES

The modern world is experiencing a scenario never before known, a pandemic of apocalyptic proportions: the coronavirus or COVID-19 as it is commonly known.

The World Health Organization (WHO), after having declared COVID-19 as a pandemic, is very concerned at the alarming levels of spread and inaction of some countries. Similarly, it recognized that some countries are having difficulty in dealing with the first pandemic in history caused by a coronavirus. Some, for "lack of capacity," others due to "lack of resources" and the rest due to "lack of decision."

By the same token, given the exponential growth of COVID-19, the Centers for Disease Control and Prevention of the United States ("CDC") has taken public health and safety measures that affect us at the national level. The CDC established that social distancing and quarantine help prevent exposure to affected people or that could be affected with COVID-19.

 I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

In Puerto Rico we have taken immediate and drastic measures aimed at reducing the spread of this deadly virus. To this end, the Governor of Puerto Rico declared a state of emergency on March 12, 2020 to carry out all the necessary efforts that allow the safeguarding of the health, life, and safety of all Puerto Ricans. Then after five (5) confirmed cases of COVID-19, and considering the national guidelines issued by the CDC and the recommendation of the Health Department of the Government of Puerto Rico, the Governor of Puerto Rico signed [Executive Order 2020-23 \("OE 2020-23"\)](#) to control the spread of the virus. It established rigorous measures of social isolation and quarantine. A curfew was ordered for all citizens starting at 9:00 p.m. until 5:00 a.m., from March 15 to March 30, 2020.

[OE 2020-23](#) also ordered the closure of all businesses in Puerto Rico and government operations, except those related to essential services. Similarly, it limited citizens from transiting or walking on public roads from 5:00 am to 9:00 pm, with some exceptions, namely: purchase of food, pharmaceuticals and essential items; medical appointments, going to hospitals, laboratories or medical and hospital service centers; going to the workplace for public and private employees who perform essential jobs; return to the place of habitual residence in a permitted activity; go to financial institutions; among others.

As can be shown, Executive Order 2020-23 forced social distancing to prevent the virus from spreading on our land. Similarly, on March 30, 2020, the Governor, through Executive Order 2020-29, extended the measures taken to control the risk of contagion with this COVID-19 virus until April 12 of the current year. Subsequently, the Governor extended the lockdown date through [Order Executive 2020-33](#). This Legislative Assembly concurs with the actions of the Governor to protect the health and well-being of our population, and more so when it comes to protecting our older adults.

Drastic actions similar to those we have taken in Puerto Rico, have begun to be taken in other states of the Nation. Now, these total closures have a direct and devastating effect in our economy. This has been recognized by the President of the Reserve Bank Federal of St. Louis, which estimated that the unemployment rate in the United States will reach thirty (30) percent in the second quarter of 2020 due to shutdowns. This will cause a fall of more than fifty (50) percent in the Gross Domestic Product ("GDP").

Given this projection, the President of the Federal Reserve of St. Louis requested a powerful fiscal response from the U.S. Government to replace \$2.5 trillion of dollars in losses that are estimated for the second quarter of 2020. It also suggests that the overall goal of this government stimulus should be to sustain all businesses and industries and American families.

Given this discouraging scenario, the U.S. Congress approved a historic package of economic stimulus measures of more than two (2) trillion dollars to address this crisis caused by COVID-19, by approving the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). According to experts, this legislation is the largest package of measures that has been passed in the history of the United States. Among the measures in the package are the following highlights: \$250 billion for direct payments to families and

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

individuals; \$350 billion for small business loans; \$250 billion in benefits from unemployment insurance; \$500 billion for severely affected companies, \$130 billion for hospitals, \$150 billion for state and local governments, among others.

In Puerto Rico, the Governor recently announced various proposals and executive actions aimed at using public resources to address the crisis in our Archipelago as part of the Strategic Plan to Reactivate Our Economy, Support Our Merchants and Protect Our Workers. The expectation is that this \$787 million in state economic measures of can reactivate our economy in the short term. For this, this Legislative Assembly approved Joint Resolution 23-2020 where it assigned the amount of \$500 million charged to the General Fund. In addition, the Governor may use the Emergency Reserve of \$160 million for the purchase of equipment, materials and supplies to address the COVID-19 crisis. Lastly, from the current year's Budget, \$156.8 million will be reallocated as part of this first phase of the Strategic Plan. This is certainly a first step in alleviating the ravages of this pandemic.

This Legislative Assembly considers it necessary to establish a second package of measures that will supplement the initial package presented by the Governor. In this second package, various matters are addressed. First, a mechanism is created to expeditiously pay obligations to contractors and suppliers of the Government of Puerto Rico. Currently accrued debts must thus be paid within 15 calendar days. New obligations assumed by the Government under contract must be paid within 30 calendar days. This measure, without a doubt, will help the cash flow of many companies, contractors and entrepreneurs that serve our Government well but whose collection process is protracted.

To increase the cash flow of our businesses, the mechanism of carry back of losses is allowed, thus increasing the possibility of immediately receiving refunds for taxes paid in previous years.

Regarding the aid received by individuals or legal entities, it is clarified that any amount that is forgiven or amounts that are received as subsidies or stimuli will be excluded from gross income for income tax purposes, including the alternative basic tax or the alternative minimum tax, in Puerto Rico or income subject to the payment of municipal licenses. This provision is analogous to Section 1106(i) of the federal CARES Act, which exempts debt forgiveness from tax under the U.S. Internal Revenue Code; therefore, it should be interpreted liberally in favor of the taxpayer.

Similarly, the four (4) percent tax of all billings that occur during the exemption period for services rendered to others merchants, commonly known as B2B, and designated professional services, is eliminated for three (3) months, and the Secretary of the Treasury is given the power to extend this exemption for additional periods of three (3) months. Also, the tentative minimum tax to corporations of \$500 established by the Internal Revenue Code is temporarily eliminated. For taxable year 2019, in the event that a corporation has paid the tentative minimum tax of \$500, it may request a refund from the Department of the Treasury.

In addition, as announced by the Governor, the filing of income tax returns will be postponed until July 15, 2020. Also, other measures were announced that address the Sales and Use Tax at the ports, the filing of the IVU return, the withholding often (10) percent for professional services, among others. This Legislative Assembly

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

elevates these administrative actions taken by the Executive to force of law. Similarly, this piece of legislation postpones the filing of informative declarations, required from businesses and entrepreneurs, by May 31, 2020. Another benefit to our small and medium-sized entrepreneurs is the elimination of the requirement to include the Agreed Upon Procedures Report or Compliance Attestation prepared by a Certified Public Accountant with their payroll income tax. In tune with the above, recognizing that the total lockdown decreed by the Governor since March 15, 2020, puts the country on a pause where all commercial activity stops, directly affecting all businesses and individuals and that the vast majority of government offices remain closed, including the Department of the Treasury, this Legislature understands that it is prudent and necessary to make the due dates for internal revenue licenses, licenses or permits issued by the Government of Puerto Rico, its agencies, instrumentalities or municipalities, which are due as of March 1, 2020 more flexible.

With the purpose of promoting economic activity, for taxable year 2020 (for companies with a natural year or in the case of financial years, for years beginning after December 31, 2019 and before January 1, 2021), automatic compliance is recognized to Exempt Businesses that have decrees with certain requirements established in the Puerto Rico Incentives Code, in other previous incentive laws and in the decree itself for the purpose of guaranteeing continuity of said exemption decrees. The requirements or metrics that are understood as fulfilled during this year 2020 or until the validity of this Act lasts, are: creation and retention of jobs, gross income or volume of sales and investment in machinery and equipment. This will help companies with exemption decrees to recover from the economic impact caused by COVID-19.

In accordance with the foregoing, this Legislative Assembly, and in the exercise of its State police power, and in accordance with Section 18 of Article III of the Constitution of Puerto Rico, understands it necessary to take measures of urgent action to address the prevention, contagion and treatment of the coronavirus on the Island.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Article 1. - Title.

This Act shall be known and may be cited as the "Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency."


Article 2. - Public policy.

The Covid-19 pandemic is devastating the world. This not only has implications for public (and private) health and safety, but also in terms of the economic and social impact of its consequences. Therefore, the Government of Puerto Rico declares and recognizes the need for this special legislation, due to the state of need in which our people find themselves.

Rev. June 18, 2020

www.ogp.pr.gov

Page 4 of 12

 I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

It is declared to be the public policy of the Government of Puerto Rico to allow the best use of its resources to address the COVID-19 pandemic and its consequences on our economy.

The use of public resources for the purpose of providing better conditions for our economy is a need of our state police power, at a time when our entire society faces the consequences of this pandemic. Once the public health crisis has been controlled, we must avoid the collapse of our institutions, our economy and productive sectors. With these measures we try to protect jobs and of course those who depend on them: Puerto Rican families.

Therefore, the specific objective of this legislation is to serve as a rescue bridge for different productive sectors of our economy, to gradually recover normality in the exchange of goods and services to which Puerto Rican society has been accustomed in the modern era. Therefore, government programs are created whose fundamental purpose is to serve as an economic stimulus to prevent a recession and the very serious social consequences that a recession would bring. It serves in turn to accomplish the aspiration of our People to have the most robust and vibrant economy in order to pursue first-rate socio-economic development, on par with the XXI century.

Article 3. - Definitions.

For the purposes of this Act, the following terms shall have the meaning stated below, keeping in mind that masculine words can be interpreted in the female gender, as appropriate:

(a) "Internal Revenue Code for a New Puerto Rico" or "Internal Revenue Code."

- Refers to [Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico."](#)

(b) "Commissioner of Financial Institutions." - Means the Commissioner of Financial Institutions of Puerto Rico, as defined by [Act No. 4 of October 11, 1985, as amended, known as the "Office of the Commissioner of Financial Institutions Act."](#)

(c) "Government of Puerto Rico" or "Government." - Means the Executive Branch in accordance with Article IV of the Constitution of Puerto Rico, all its departments, agencies, offices, boards, commissions, and any dependency that it controls. It shall also mean all public corporations and instrumentalities of the Government of Puerto Rico. However, said term shall not include the Legislative Branch, nor the Judicial Branch, nor the Municipalities.

(d) "Hospital." - Means private health care facilities, diagnostic and treatment centers, dialysis facilities, and any other facility that may offer care and urgent and/or emergency medical treatment.

(e) "Physicians." - Means practitioners who perform work for remuneration, who are duly licensed and authorized to practice medicine and telemedicine in Puerto Rico individually or on behalf of their respective professional corporations.

(f) "Nursing Personnel." - Means health personnel who work as employees of a hospital institution or diagnosis and treatment center, who are duly authorized to practice the profession in Puerto Rico and who receive compensation for their work.

(g) "Secretary of the Department of Consumer Affairs." - Means the Secretary of the Department of Consumer Affairs, as defined by [Act No. 5 of April 23,](#)

Rev. June 18, 2020

www.ogp.pr.gov

Page 5 of 12

1 I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

1973, as amended, known as the "Organic Act of the Department of Consumer Affairs."

(h) **"Secretary of the DDEC."** - Means the Secretary of the Department of Economic Development and Commerce of the Government of Puerto Rico, as defined by Act No. 60-2019, as amended, known as the "Puerto Rico Incentive Code."

(i) **"Secretary of the Treasury."** - Means the Secretary of the Department of the Treasury of the Government of Puerto Rico.

Article 4. - Executive Responsibility.

The Secretary of the Department of the Treasury shall comply with and enforce the provisions of this Special Act. For this purpose, it may require the collaboration of the Secretary of the DDEC, the Planning Board, the Department of Labor, the Office of the Commissioner of Financial Institutions, Department of Consumer Affairs, Office of Management and Budget and of any other entity of the Executive Branch whose information is necessary to fulfill the purposes indicated here.

Article 5. - Specific Tax and Economic Policy Determinations.

To achieve the purposes of this Act, the following specific programs and economic or tax measures are created:

(a) *Program for the Expedited Payment of Accounts Payable to Suppliers of the Government of Puerto Rico.* - Obligations or accounts payable to contractors, suppliers and providers ("supplier"), already accrued prior to the passage of this Act and that have already been certified by the government agency or instrumentality for which the service was offered or goods delivered, shall be paid during a term that shall never exceed fifteen (15) calendar days, after the signing of this Act.

(1) During the term of this Act, any new obligation or account payable to any supplier that is certified by the government agency or instrumentality, for which the offered service or goods were delivered, shall be paid during a term that shall never exceed thirty (30) calendar days from the date it is certified.

(b) *Program to Carry Back Net Operating Losses to Previous Years.* - The Department of the Treasury shall allow a special deduction of net losses in operations incurred, directly caused by the COVID-19 emergency, for the taxable year 2020 to roll back to each of the two (2) previous taxable years, starting on the oldest prior year. Said carry-over of losses shall not be subject to the limitation of use established in subparagraph (D) of paragraph (1) of subsection (b) of Section 1033.14 of the Internal Revenue Code. Nothing in the provisions herein shall limit the carry-over of losses provided for in Section 1033.14 of Act No. 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico."

(1) Carrying back net losses in operations to previous years shall be a choice for those industries or businesses with a business volume often million (10,000,000) dollars or less.

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

- (2) In the case of taxpayers who are Large Taxpayers, as defined in paragraph (35) of subsection (a) of Section 1010.01 of the Internal Revenue Code, they shall not be allowed to carry back losses to previous years.
- (3) Limitations. - Taxpayer shall have until the filing date of the income tax return for taxable year 2020, including extensions, to benefit from the carry-back established in this section.
- (A) The maximum amount of net losses in operations to be rolled back to previous years ("Carry Back") shall be two hundred thousand (200,000) dollars and the maximum refund for taxes paid in previous years shall be fifty thousand (50,000) dollars.
- (4) The special deduction for the carry back of losses shall also apply to compute the alternate basic tax and the minimum alternate tax.
- (c) *Net Loss in Operations to be Carried Over in Subsequent Tax Years.* - For net losses incurred, caused directly by the COVID-19 emergency, in tax year 2020, the limitation established in subparagraph (D) of paragraph (1) of subsection (b) of Section 1033.14 of the Internal Revenue Code shall not apply to the amount to be carried forward to the following taxable years.
- (1) Order of Application of Net Operating Losses.
- (i) The taxpayer shall first claim the losses incurred in the taxable year prior to tax year 2020 subject to the limitations established in subparagraph (D) of paragraph (1) of subsection (b) of Section 1033.14 of the Internal Revenue Code.
- (ii) If after applying the losses of subparagraph (i) of paragraph (1) of this section the tax return reflects net income, a deduction of the loss carried forward generated in taxable year 2020 may be taken, without the limitations established in subparagraph (D) of paragraph (1) of subsection (b) of Section 1033.14 of the Internal Revenue Code.
- (iii) If after applying the losses of subparagraph (i) and (ii) of paragraph (1) of this section the tax return reflects net income, a deduction may be taken of the loss carried forward generated in the taxable years after 2020, in accordance with the provisions of this subsection.
- (d) *Temporary Exemption for Services Rendered to Other Merchants and Designated Professional Services.* - Billing of services provided to other merchants and designated professional services, as defined in Subtitle D of the Internal Revenue Code, shall not be subject to the rate of four (4) percent during the months of April, May and June 2020. The Secretary of the Treasury may extend this exemption for additional periods of three (3) months each, while the emergency period lasts, but it shall never be greater than the final date of the validity of this Act.
- (e) *Temporary Postponement of the Tentative Minimum Tax to Corporations of \$500.* - For taxable years beginning after December 31, 2018 and before January 1, 2020 (taxable year 2019), the tentative minimum tax of five hundred dollars (\$ 500) required in section (g) of Section 1022.03 of the Internal Revenue Code, it shall not be in effect.
- (1) Those corporations that have paid the tentative minimum tax of \$500 for tax year 2019, may request a refund for said amount to the Department of the Treasury, which shall be disbursed on or before forty-five (45) calendar days from

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

the time of their request. The Secretary of the Treasury shall adopt the necessary forms to request said refund, if applicable.

(f) *Postponement of Informative Tax Returns.* - For taxable years beginning after December 31, 2018 and before January 1, 2020, the informative tax returns required in Sections 1063.01 to 1063.16 of the [Internal Revenue Code](#) may be rendered on or before May 31, 2020.

(g) *Temporary Postponement of the Agreed Upon Procedures Report or Compliance Attestation.* - For taxable years beginning after December 31, 2018 and before of January 1, 2020, the requirement to include with the income tax return an Agreed Upon Procedures Report or Compliance Attestation prepared by a Certified Public Accountant (CPA) with a valid license to practice the profession in Puerto Rico, as established in subparagraph (D) of paragraph (2) of subsection (a) of Section 1021.02 and in subparagraph (B) of paragraph (7) of subsection (a) of Section 1022.04 of the [Internal Revenue Code](#) is eliminated.

(h) *Automatic Extension of Licenses for Commercial Activity.* - All licenses and bonds under the [Internal Revenue Code](#), licenses or permits issued by the Permit Management Office or any another agency, governmental instrumentality or municipality of the Government of Puerto Rico, which expire as of March 1, 2020, are extended automatically, for a period of six (6) months. A license or permit shall be a written approval authorizing the commencement of an action or commercial activity, issued by the Government, its agencies, government instrumentality or municipalities.

(i) *Exclusion of Gross Income and Income Subject to Payment of Municipal License for Cancellation of Debt and Receipt of Subsidies.* - Debt cancellation and amounts received as a federal subsidy or stimulus under the [Coronavirus Aid, Relief, and Economic Security Act](#) ("CARES Act") or under any other federal legislation to address COVID-19 or under any state subsidy or stimulus granted as a result of COVID-19, including refundable tax credits, and other financial aid provided in this law shall be excluded from gross income for income tax purposes, including the alternative basic tax or the alternative minimum tax, and from income subject to municipal license payment.

(1) Furthermore, the taxpayer may claim as a deduction from net income all ordinary and necessary expenses incurred in the operation of the business, even when said expenses are paid with funds received from any subsidy or stimulus under the [CARES Act](#) or under any other federal legislation to address COVID-19 or under any state subsidy or stimulus granted as a result of COVID-19, including the cancellation of debt and refundable tax credits, and other economic aid provisions provided in this Law.

G) *Program for Automatic Compliance with Decree Requirements under the Puerto Rico Incentive Code or Previous Incentive Laws.* - For taxable year 2020, any beneficiary of an exemption decree under [Law 60-2019, as amended, known as "Puerto Rico Incentive Code,"](#) under previous incentive laws or under a special incentive law in Puerto Rico, shall be understood to have complied with the following requirements or metrics contained in a Decree, as long as possible lack of compliance is directly due to the emergency caused by COVID-19:

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

- (1) job creation and retention;
- (2) gross income or sales volume;
- (3) investment in machinery and equipment.

The provisions of this section shall not prevent the Secretary of the DDEC from verifying compliance with other requirements contained in the Incentive Code, the incentive laws above or under a special incentive law in Puerto Rico or in the Exemption Decree itself. The scope of the provisions contained in this section shall be interpreted in an analogous way with the purposes promulgated by Act 91-2018, known as the "Automatic Compliance with the Emergency Incentive Laws Act." For this, the Secretary of the DDEC shall determine, for the achievement of the objectives of the section, the terms and conditions applicable to this program by administrative order, circular letter, memorandum, interpretative document or any another general communication.

(k) Exemption from the Use of a Notary Public for Affidavits. - From April 1, 2020 and until the emergency caused by COVID-19 ends, people or businesses shall be exempt from presenting any sworn and signed statement before a notary public of Puerto Rico, which is required by the Internal Revenue Code, by regulation, by any administrative pronouncement issued by the Department of the Treasury or that is required to request any help or subsidy to attend the COVID-19 emergency. The person or the business shall present, instead of the affidavit signed before the notary public, a statement under penalty of perjury that includes all the information that would ordinarily have been in the affidavit.

(l) Income Tax Returns for Tax Year 2019. - To all types of taxpayers, including conduit entities, the deadline for the filing of the income tax return required under the Code for tax year 2019, whose original due date is between March 15 and June 15, 2020, is extended until July 15 of 2020. Furthermore, any income tax payment of said forms shall be extended until the expiration date established herein. The imposition of interest, surcharges and penalties are eliminated so long as the income tax returns and the payment of the tax owed with said returns are submitted in the deadline established herein.

- (1) Every taxpayer who has the obligation to file a tax return on income for taxable year 2019, and that on the filing date established for the same does not have the financial resources to remit the balance pending payment that is reflected in said return, may request a payment plan to settle the total amount of said tax.
- (2) In order to qualify for payment in installments, the taxpayer must be up to date with his or her other tax responsibilities before the Department of the Treasury.
- (3) Every taxpayer who requests payment in installments must undertake to pay the tax due in monthly installments and pay the total amount due no later than March 31, 2021. Once the taxpayer pays off the debt, the Department of the Treasury shall proceed to eliminate the corresponding interest, surcharges and penalties.
- (4) The Department is ordered to issue the rules, terms and conditions and the application process to be followed by all taxpayers interested in availing themselves of installment payments.

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

(m) Extension of Deadlines of the Monthly Sales and Use Tax Return. - Returns and payments related to the sales and use tax shall not be charged interest, surcharges and penalties, as long as the following requirements are met:

(1) Monthly Return of Sales and Use Tax. - The deadline for filing the monthly sales and use tax return, and its corresponding payment, for the periods of February, March, April and May 2020 shall be April 20, 2020, May 20, 2020, June 22, 2020 and July 20, 2020, respectively.

(2) Monthly Tax Return on Imports. - The deadline for filing the monthly import tax return, and its corresponding payment, for the periods of March, April and May 2020, shall be May 10, 2020, June 10, 2020 and July 10, 2020, respectively.

(3) Biweekly Sales and Use Tax Payments - No penalties shall be imposed for noncompliance with biweekly sales and use tax (IVU [*Spanish acronym*]) payments for the months of March, April, May and June 2020, as long as the total IVU owed for said months is paid in full with the filing of the IVU Monthly Return of said periods.

(n) Requirement for Payment of Sales and Use Tax on Import and Purchase of Items Taxable for Resale. - During the emergency period, the Secretary of Treasury is allowed to establish the following:

(1) Grant an exemption certificate that during the temporary exemption period allows importation or acquisition of taxable items for resale free of payment of the sales and use tax (IVU) to any merchant who is a reseller (as such term is defined in the Section 4010.01 (ww) of the Code), having a valid Reseller Certificate issued pursuant to the provisions of Section 4050.04(c) of the Code. For the purposes of this section, the "Temporary Exemption Period" runs from Monday, April 6, 2020 until Tuesday, June 30, 2020.

(2) That the Temporary Exemption Certificate allow the reseller to import or acquire taxable items that are acquired exclusively for resale through purchase in Puerto Rico.

(o) Withholding for Professional Services - From March 23 to June 30, 2020, no company, agency or employer shall retain ten (10) percent of the amounts payable to contractors or persons who receive compensation for professional services, as provided in Section 1062.03 of the Internal Revenue Code.

(1) The retention relief provided in this section does not exempt the recipient from the payment of its obligation to pay taxes on said income on your income tax return. In addition, the withholding agent must report said payments in its informative return for services provided.

(2) For taxable year 2019, individuals, or corporations or any other entities, may opt for the optional tax even if they have a tax balance to pay with their income tax return, as long as said balance is paid in its entirety no later than the deadline to file the income tax return, without considering an extension request.

(3) In the case of taxpayers who shall avail themselves of the Optional Tax for tax year 2020, they must ensure that they fulfill their tax responsibility no

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

later than the deadline to file the income tax return, without considering an extension request.
(p) *Use of the Nutritional Assistance Program (PAN [its Spanish acronym]) Card in Restaurants.*
- The Secretary of the Department of the Family is ordered, within ten (10) calendar days following the signing of this Act, to request from the United States Department of Agriculture, during the term of this Act or for the duration of the emergency caused by COVID-19, whichever is less, that the beneficiaries of the PAN card be allowed to buy food prepared in restaurants.

Article 6. - Regulation.

To comply with the purposes of this Act, the Department of the Treasury is authorized to issue all norms, circular letters, rules and regulations that it deems prudent and necessary. Said special regulatory power shall be exercised without being subject to the provisions of [Act No. 38-2017, as amended, known as the "Uniform Administrative Procedure Act of the Government of Puerto Rico."](#) Notwithstanding, they shall enter into effect no later than ten (10) working days from the approval of this Act. They, as well as any subsequent amendments, shall be published on the cybernetic pages of the Government of Puerto Rico.

Article 7. - Judicial Review.

To review the provisions of this Act, as well as for invoice dispute procedures or to resolve controversies over the special tax provisions that created herein, the Superior Court of San Juan of the General Court of Justice shall have exclusive jurisdiction, in the first instance.

Article 8. - Separability.

This Act shall be interpreted in accordance with the Constitution of Puerto Rico and the Constitution of the United States of America. If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading or part of this Act is annulled or declared unconstitutional, the ruling issued to that effect shall not affect, harm or invalidate the rest of this Act. The effect of said judgment shall be limited to the clause, paragraph, sub-paragraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading or part of the same that has been annulled or declared unconstitutional.

Article 9. - Supremacy

The provisions of this Act shall prevail over any other general or specific provision of any law or regulation of the Government of Puerto Rico that is inconsistent with this Act.

"Supplemental Act to Address the Effects of the Puerto Rican Economy Caused by the Covid-19 Emergency"
[Act 57-2020]

Article 10. - Validity

This Act shall enter into effect immediately after its approval. The government programs created hereunder shall be in effect for as long as they are necessary to be able to mitigate the effects on the economy that the Covid-19 pandemic has produced, but never shall extend beyond December 31, 2021.

Note. This document was compiled by staff of the [Office of Management and Budget](#) of the Government of Puerto Rico, as a means of alerting the users of our Library of the latest approved amendments to this Act.

Although we have put all of our effort in preparing it, this is not an official compilation and may not be completely free from inadvertent errors; which when identified are corrected immediately. All amendments made to the Act have been incorporated to this document in order to facilitate your research. For accuracy and precision, refer to the original texts of said law and to the collection of Laws of Puerto Rico Annotated L.P.R.A.. Annotations in italics and in brackets added to the text, are not part of the Act; they are only included when a law was repealed and has been replaced by another that is in force. Links to the Internet are only directed to government sources. Links to amending laws belong to the website of the [Office of Legislative Services](#) of the Legislative Assembly of Puerto Rico. Links to federal laws are from the website of the [US Government Publishing Office GPO](#) of the United States of America. Links to the Governor's Regulations and Executive Orders, pertain to the website of the [Department of State](#) of the Government of Puerto Rico.
Compiled by the Library of the Office of Management and Budget.

See also the Original Version of this Act, as approved by the Legislature of Puerto Rico.

⇒⇒⇒ Check the Virtual Library of OGP for the **Latest Revised Copy** (Rev.) of this compilation.

Go to: www.ogp.pr.gov ⇒ Virtual Library ⇒ Referenced Laws-EPIDEMICS.